

Alternative 2 First Year Cost Of Service

1. Rate Base Investment

Utility Plant In Service	\$169,150,000	
Working Capital Allowance	<u>\$290,000</u>	
Subtotal		\$169,440,000
Deduct:		
Accumulated Depreciation/Amort.	(\$3,120,000)	
Accumulated Deferred Income Taxes	<u>(\$3,850,000)</u>	
Subtotal		<u>(\$6,970,000)</u>
Total Ratebase Investment:		\$162,470,000

2. Cost Of Service

Operating Expenses		
Production	\$2,290,000	
Transmission Charges	\$100,000	
Transmission Specific Facilities Charges	0	
Depreciation/Amortization	\$6,240,000	
Income Taxes	\$450,000	
Lowell Agreement & Good Neighbor Fund	\$1,140,000	
Return On Rate Base Investment	<u>\$13,800,000</u>	
Total Cost Of Service Before Credit		\$24,020,000
Resale to VEC		<u>(\$3,110,000)</u>
Cost of Service To Customer		\$20,910,000